

EXAMINATION OF THE ECONOMICS OF A DOWNTOWN STADIUM

Prepared

At the Request of

Chief Administrative Officer, Roger Boas

for

Mayor Dianne Feinstein

City and County of San Francisco

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INTRODUCTION

As a result of being dissatisfied with Candlestick Park, The San Francisco Giants had expressed their intention to explore potential alternatives, including moving the team from San Francisco.

Discussions between the City and the Giants about a downtown stadium were conducted intermittently over a period of months without satisfactory resolution. The conditional contribution of land at 7th and Townsend provided a specific focus for further discussion.

Mr. Roger Boas, the Chief Administrative Officer, engaged Edgar, Dunn & Company Inc. to assist the City with its evaluation of the economic impact of constructing a downtown baseball stadium for lease to the Giants. At issue was the development of a reliable analysis of the factors impacting the economics of the stadium including:

- Pro Forma revenues and expenses
- Sources of funds to underwrite operating deficits
- Stadium revenue sharing alternatives
- Sources of construction capital
- Construction cost of the stadium
- Cost of debt capital required for construction

We examined the impact of these factors and developed proposals for use in negotiating an acceptable agreement between the Giants and the City. These and other data were used to discuss an agreement. This report summarizes our findings and conclusions. The attached Appendices include detail of selected analyses.

CONCLUSIONS

- 1) Under the present two-team market condition, a downtown stadium is not financially feasible without a large annual public subsidy in addition to the City's proposed initial investment of \$18.5 million
 - Expected annual average attendance is 1.4 million
 - The City must recover or absorb annual operating expenses and debt service totaling approximately \$5.8 million
- 2) After considering several revenue sharing alternatives, the City's final proposal was that the Giants pay a \$4 million annual rental and the City absorb \$1.8 million
- 3) The Giants rejected this proposal. Primary considerations appeared to be:
 - The team loses money at Candlestick with a much lower annual rent
 - Anticipated team revenues at the new stadium would still not offset expenses
- 4) Although baseball interest in the San Francisco/Oakland market is high, the market itself is too small to support two teams
 - A move to a new stadium is not sufficient to offset the economic impact of sharing this small market
 - The Giants' average paid attendance would be likely to increase by 500,000-700,000 persons were the Oakland A's to depart, thereby improving Giants' economics substantially

FINANCIAL ANALYSIS

SUMMARY

This section illustrates the overall revenue and expenses associated with baseball operations in San Francisco, both at Candlestick and at a Downtown Stadium, using the assumptions contained in the final City proposal. Key conclusions are as follows:

Reference

- | | |
|-----------|---|
| Pg. 4 | 1) The overall cost of the Downtown Stadium is expected to be about \$67 million requiring a Bond amount of about \$35 million |
| Pgs. 6-9 | 2) Both the City's and the Giants' annual operating deficits are increased by moving from Candlestick to a Downtown Stadium assuming an average long-term attendance of 1.4 million and the revenue/expense allocation in the City's final proposal |
| Pgs. 9,10 | 3) Breakeven attendance for the Giants ranges from about 1.9 million persons at Candlestick to 2.3 million at the proposed stadium |

DOWNTOWN STADIUM COST AND FINANCING

(1986 \$000)

<u>Stadium Cost (Bechtel Estimate)</u>	<u>\$67,000</u>
--	-----------------

Sources of Construction Funds

Hotel Tax	\$18,350
Scoreboard	4,000
Giants	5,000
Concessionnaires	3,000
Sales of Suites	3,750
Prepay -- Suite Rental	900
Preferred Seat -- Prepay	500
Advertising Rights	1,000
Balance: Bond Issue	<u>30,500</u>

Total Construction Funds	<u><u>\$67,000</u></u>
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Bond Amount:

Construction Investment	\$30,500
Finance Cost (15%)	<u>4,575</u>

Total Bond Amount	<u><u>\$35,075</u></u>
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COMPARISON OF BECHTEL AND HOK DOWNTOWN STADIUM COST ESTIMATES

(\$ Million)

Two estimates of total stadium costs have been made. This report utilizes the more formal Bechtel study.

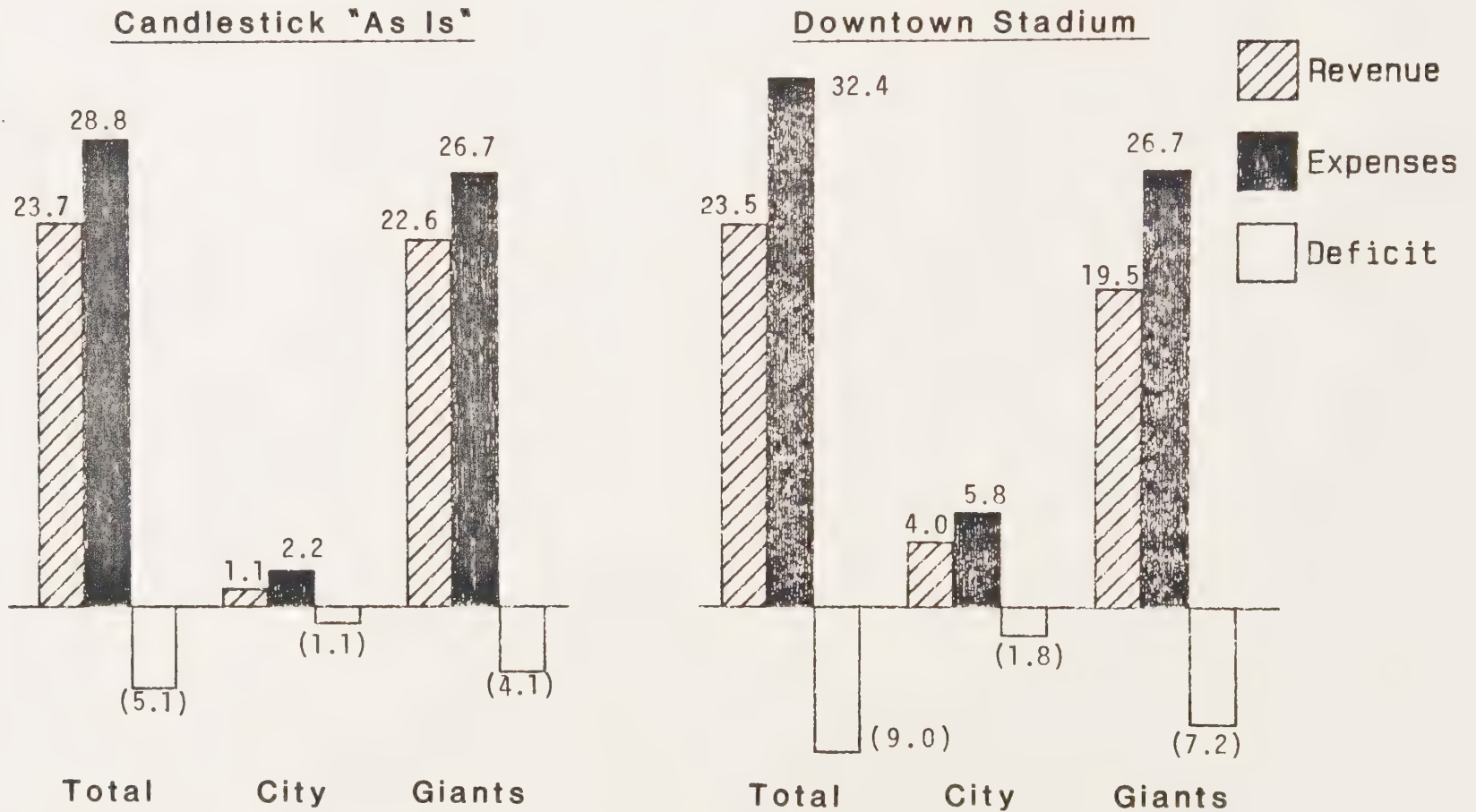
<u>Cost Components</u>	<u>Bechtel</u>	<u>HOK¹</u>
Basic Stadium Shell	\$45.1	\$38.5
Contingency	<u>6.9</u>	<u>2.0</u>
Sub-Total	\$52.0	\$40.5
Architectural, Engineering, Permits, etc.	3.0	4.1
Clubhouse, Office, Stadium Club, etc.	<u>12.0</u>	<u>14.0</u>
Total Cost	<u>\$67.0</u>	<u>\$58.6</u>

Reported Assumptions:

- HOK believes 7,000 bleacher seats can be built at modest cost without risk of settling
- Bechtel believes 42,000 seats must be constructed between foul poles since soil conditions will not support inexpensive bleachers

¹ Source: Deputy Mayor

BASEBALL AT CANDLESTICK VS. DOWNTOWN STADIUM
PRO FORMA REVENUE AND EXPENSES
(\$ Millions per final proposal)



BASEBALL AT CANDLESTICK VS. DOWNTOWN STADIUM
PRO FORMA REVENUE AND EXPENSES¹
PER FINAL PROPOSAL
(1.4 M ATTENDANCE -- 1986 \$000's)

	<u>CANDLESTICK (as is)</u>			<u>DOWNTOWN</u>		
	<u>TOTAL</u>	<u>CITY</u>	<u>GIANTS</u>	<u>TOTAL</u>	<u>CITY</u>	<u>GIANTS</u>
Revenue						
Stadium Baseball	\$ 14,292	\$ 438	\$ 13,854	\$ 14,292	\$ 4,000	\$ 10,292
Stadium-Other	648	648	---	435	---	435
Giants Other Revenue	<u>8,731</u>	<u>---</u>	<u>8,731</u>	<u>8,731</u>	<u>---</u>	<u>8,731</u>
Total Revenue	\$ 23,671	\$ 1,086	\$ 22,585	\$ 23,458	\$ 4,000	\$ 19,458
Expenses						
City - Operating	\$ 1,270	\$ 1,270	\$ ---	\$ 2,480	\$ 2,480	\$ ---
Giants Expenses	24,377	---	24,377	24,377	---	24,377
Debt Service ²	<u>3,190</u>	<u>909</u>	<u>2,281</u>	<u>5,566</u>	<u>3,285</u>	<u>2,281</u>
Total Expenses	\$ 28,837	\$ 2,179	\$ 26,658	\$ 32,423	\$ 5,765	\$ 26,658
Net Surplus<Deficit>	\$ <u><5,166></u>	\$ <u><1,093></u>	\$ <u><4,073></u>	\$ <u><8,965></u>	\$ <u><1,765></u>	\$ <u><7,200></u>
Incremental impact on surplus per 100K attendance: ³	\$ 751	\$ 86	\$ 665	\$ 705	\$ ---	\$ 705

1 Accompanying notes in Appendix A are an integral part of this Pro Forma.

2 Interest only for the Giants; principal and interest for the City.

3 Reflects only revenue components that vary directly with attendance (ticket revenue, concession revenue, parking) less variable expenses for the Giants' per their 1986 budget.

COMPARATIVE ANALYSIS FOR THE CITY
PER FINAL PROPOSAL
CANDLESTICK VS. DOWNTOWN
(1.4 M ATTENDANCE -- 1986 \$000)

The City's deficit is approximately \$700K lower at Candlestick. Revenues are \$2.9 million dollars lower, but expenses and debt service are \$3.6 million lower.

	<u>Candlestick</u>	<u>Downtown</u>	<u>Variance</u>	<u>Reason</u>
Revenue				
Rent	\$ 438	\$ 4,000	<\$3,562>	Lower rent at Candlestick
Parking	<u>648</u>	<u>--</u>	<u>648</u>	Not available at Downtown
Total Revenues	\$1,086	\$ 4,000	<\$2,914>	
Less:				
Operations & Maintenance ¹	\$1,270	\$ 2,480	\$ 1,210	Lower Candlestick facilities replacement (\$200) Lower O + M budget at Candlestick (\$1,000)
Debt Service	<u>909</u>	<u>3,285</u>	<u>2,376</u>	Lower debt service at Candlestick
Total Expenses	<u>\$2,179</u>	<u>\$5,765</u>	<u>\$3,586</u>	
Net Surplus/Deficit	<\$ <u>1,093</u> >	<\$ <u>1,765</u> >	\$ <u>672</u>	

¹ Park and Recreation Department attributes 50% of its Candlestick operations and maintenance expense to the football team. Separate facilities eliminate much of the operating economies possible with a multi-team stadium such as Candlestick

COMPARATIVE ANALYSIS FOR THE GIANTS
PER FINAL PROPOSAL
CANDLESTICK VS. DOWNTOWN
(1.4 M ATTENDANCE -- 1986 \$000)

The Giants' deficit is approximately \$3.1 million lower at Candlestick due to the lower rent (net revenue). However, the Giants incur a loss at Candlestick of \$4 million at 1.4 million attendance.

	<u>Candlestick</u>	<u>Downtown</u>	<u>Variance</u>	<u>Reason</u>
Revenue				
Stadium Baseball Revenue ¹	\$13,854	\$10,292	\$3,562	Higher downtown rent
Stadium - Other	--	435	<435>	Not available at Candlestick
Giants' Other Revenue	<u>8,731</u>	<u>8,731</u>	<u>--</u>	
Total Revenue	\$22,585	\$19,458	\$3,127	
Expenses ²	<u>26,658</u>	<u>26,658</u>	<u>--</u>	
Net Surplus/Deficit	<\$ <u>4,073</u> >	<\$ <u>7,200</u> >	<u>\$3,127</u>	
Breakeven Attendance³	1.9 million	2.3 million		

¹ Baseball revenues net of rent paid to City

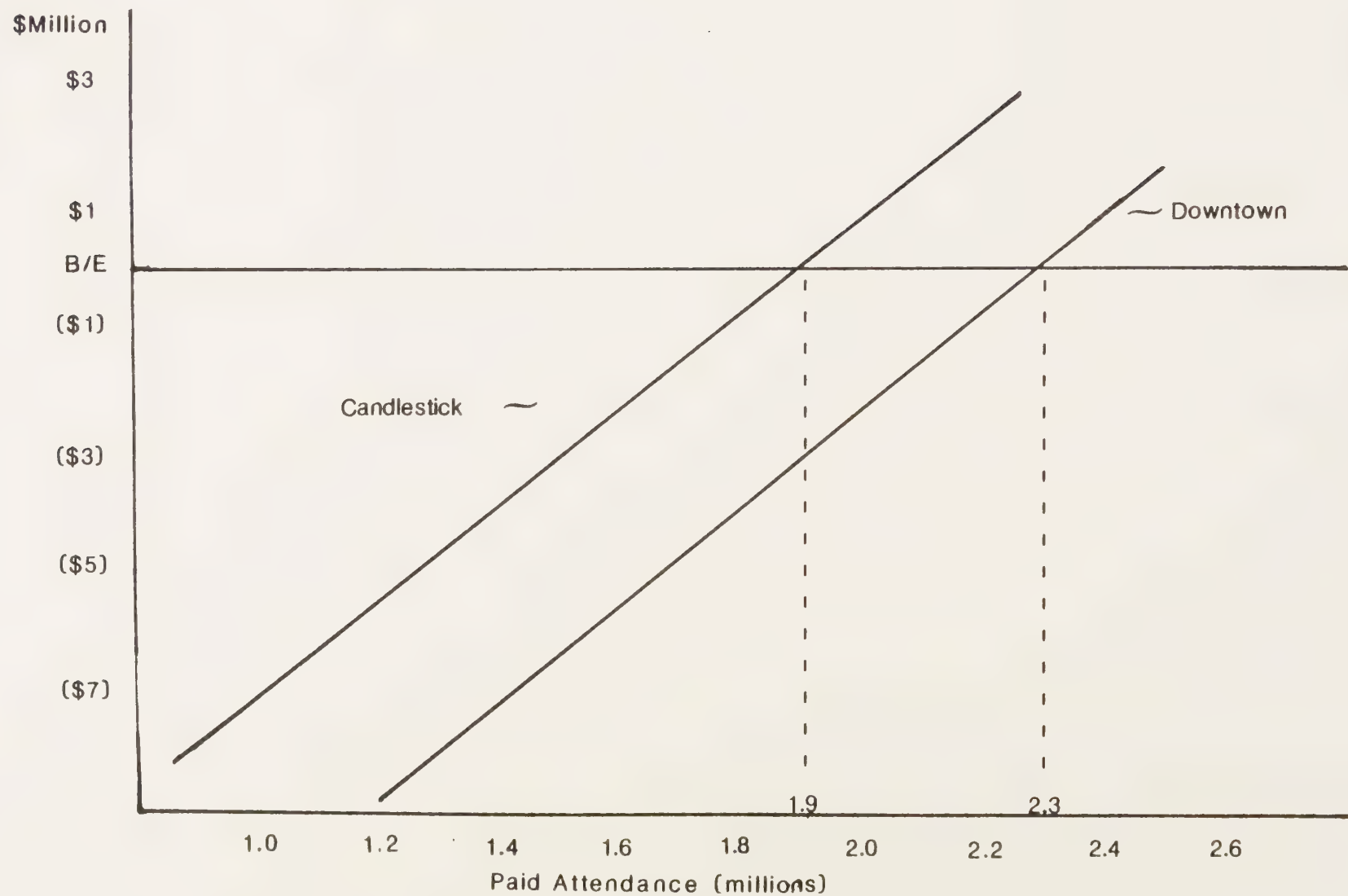
² Expenses includes interest expense on Giants working capital

³ Assumes deficit is offset solely by revenues directly resulting from attendance

SAN FRANCISCO GIANTS BREAKEVEN ATTENDANCE

Candlestick vs. Downtown

Profit/(Loss)



FUNDING OF CASH FLOW TO CITY FROM FINAL PROPOSAL

(1986 \$000)

Proposed Annual Rent	\$4,000
Less Cash Expenditures for:	
Operation & Maintenance	\$1,980
Deferred Maintenance (Replacement)	500
Debt Service*	<u>3,285</u>
Total Cash Required	<u>\$5,765</u>
Deficit	< <u>\$1,765</u> >
<u>Provisional Funding of Deficit</u>	
Candlestick/Downtown "Combined" Operation Savings	\$ 500
Candlestick "Surplus"	<u>\$1,265</u>
	<u>\$1,765</u>

* Bond issue of \$35,075,000, 8% coupon, straight amortization, 25-year term

ANALYSIS OF BASEBALL ATTENDANCE IN THE SAN FRANCISCO-OAKLAND MARKET

SUMMARY

- . Over the 25-year term, the Giants annual attendance is expected to average approximately 1.4 million; a 30% increase over the 1980-1985 average
 - The assumption of an improved team that consistently finishes in the upper half of the Western Division standings generates two-thirds of the increase
 - The new Downtown Stadium with its locational and climatic advantages produces the balance
- . Despite the high interest in baseball in the San Francisco-Oakland market, the market itself is too small to consistently produce ample attendance for both of the competing teams
 - "Baseball interest" is second highest among two-team markets
 - The market size is one-half to one-third that of other two-team markets
- . The departure of the Oakland A's would likely result in a 500-700,000 increase in Giants' attendance

FACTORS IMPACTING GIANTS ATTENDANCE

The following factors are likely to impact total Giants attendance over the next 25 years. Each of them has been analyzed historically and they are listed here in order of relative importance

- Two teams competing in a relatively small market
- The Giants team performance measured by Division finish
- The relative performance of the Giants and the A's
- The new stadium effect, including better location, better facilities, and improved playing conditions
- Effective marketing and promotion of the team
- Population growth

ESTIMATED GIANTS ATTENDANCE
AT A NEW DOWNTOWN STADIUM

The Giants average annual paid attendance (assuming continued competition from the A's) is estimated to be 1.4 million as follows (detail is referenced): Should the A's relocate, average attendance could increase by as much as 700,000, as shown on page 24.

<u>Reference</u>	<u>Factor</u>	<u>%</u>	<u>Impact on Attendance</u>
p. 16, 17	- Average annual attendance for the five most recent seasons (1980-1985)*		1,074,000
p. 18	- Improved Giants performance:	20% increase	215,000
	. Probable based on relatively poor historical performance		
p. 16	- The relative performance of Giants and A's	No impact expected	
	. From 1980-1985 team performances were comparable		
	. Over the last 15 years, relative performance has balanced out even though during specific periods one or the other team may benefit from its relative performance		

* Excluding 1981 strike year

ESTIMATED GIANTS ATTENDANCE
AT A NEW DOWNTOWN STADIUM (continued)

<u>Reference</u>	<u>Factor</u>	<u>%</u>	<u>Impact on Attendance</u>
p. 19-21	- New stadium effect:	10%	110,000
	<ul style="list-style-type: none"> . Candlestick 22% decline due in part to arrival of A's . Franchise not new to City . Locational benefit associated primarily with mid-week night games 		
p. 22, 23	- Effective marketing and promotion of team	No significant impact expected	
	<ul style="list-style-type: none"> . Baseball interest in Bay Area already high . Unable to guarantee quality of marketing 		
p. 22-25	- Population growth within market	Likely to have some impact as population grows, but no historical support	
	<ul style="list-style-type: none"> . Historically there is little correlation between population growth and attendance 		
Total Estimated Attendance			<u>1,399,000</u>

HISTORY OF ATTENDANCE AND TEAM PERFORMANCE

	<u>Attendance (000)</u>			<u>Division Finish</u>	
	<u>Giants</u>	<u>A's</u>	<u>Total</u>	<u>Giants</u>	<u>A's</u>
1971	1,088	915	2,003	1	1
1972	637	921	1,558	5	1
1973	834	1,763	2,597	3	1
1974	519	846	1,364	5	1
1975	523	1,076	1,599	3	1
1976	627	781	1,408	4	2
1977	700	496	1,196	4	7
1978	1,740	527	2,267	3	6
1979	1,456	306	1,762	4	7
1980	1,096	842	1,938	5	2
1981 (strike)	632	1,304	1,936	5/3	2/1
1982	1,201	1,735	2,936	3	5
1983	1,252	1,294	2,546	5	4
1984	1,002	1,353	2,355	6	4
1985	819	1,335	2,154	6	4

Average Attendance

Most recent 5 seasons*	1,074	1,312	2,386
Most recent 10 seasons	1,052	997	2,049
Fifteen year average	842	1,033	1,975

Performance

Years in top half	5	8
Winning percentage	.478	.504
Winning percentage rank	8 of 12	7 of 14

* Excludes 1981 strike year

GIANTS' ATTENDANCE VS. OTHER TEAMS
(1976-1985)

Over the last ten years the Giants rank 22nd of 26 teams on average annual attendance, approximately 500,000 below the major league team average attendance

- Major league average	1,568,000
- Giants	1,052,000

<u>Major League Baseball Distribution of Attendance</u>		
<u>Average Annual Attendance</u>	<u>Number of Teams</u>	<u>Percent of Teams</u>
850,000 - 999,999	3	11%
1,000,000 - 1,299,999	5	19
1,300,000 - 1,599,999	7	27
1,600,000 - 1,999,999	7	27
2,000,000 - 2,499,999	3	11
2,500,000 - over	<u>1</u>	<u>5</u>
Total Major League Teams	26	100%

IMPACT OF GIANTS' PERFORMANCE ON ATTENDANCE

Giants' attendance averaged 13%-40% higher in good performance years regardless of the A's performance. Based on these results a 20% increase in Giants attendance could be expected from consistently improved performance.

A. Giants Strong, A's Strong (1971-1975)

<u>Year</u>	<u>A's Finish</u>	<u>Giants</u>	
		<u>Finish</u>	<u>Attendance</u> (000)
1971	1	1	1,088
1973	1	3	834
1975	1	3	523
Average in good performance years			815
Average of All Years			720
Percent Improvement			13%

B. Giants Strong, A's Weak (1976-1985)

<u>Year</u>	<u>A's Finish</u>	<u>Giants</u>	
		<u>Finish</u>	<u>Attendance</u> (000)
1978	6	3	1,740
1982	5	3	1,201
Average in good performance years			1,470
Average of All Years			1,052
Percent Improvement			40%

NEW STADIUM IMPACT ON ATTENDANCE

Based upon analysis of the "new stadium" effect, we believe that a 10% increase (approximately 110,000 people) in average attendance could be realized based on better access, location, and improved fan comfort.

Detailed analysis (page 21) of attendance before and after occupancy of ten new stadiums shows the following:

Giants

- After leaving Seal Stadium, average annual attendance was 9% higher at Candlestick for the first eight years (1960-1967)
 - . Improved team performance contributed
 - . Attendance at Seal Stadium may have been constrained by the 31,000 seat capacity
- Beginning with the ninth year at Candlestick, the Giants' attendance declined precipitously causing a 22% decline in average attendance for the 17-year period ending in 1977
 - . Giants' attendance was sharply affected by the Oakland A's arrival
 - . A's team performance was excellent; first or second in eight of ten years (1968-1977)

NEW STADIUM IMPACT ON ATTENDANCE (continued)

Other

- Attendance for Category I teams, those relocating to new markets increased an average of 20%
- Attendance increases for Category II teams, those replacing small and old stadiums, is not relevant for replacement of Candlestick
 - . Teams did not share the market with another team
 - . Teams had established fan bases; strong franchises
 - . Stadiums were very old; constructed before 1930
 - . Seating capacity was limited to about 30,000 seats
- Attendance for Category III, the improved conditions scenario (Minnesota), is highly relevant except:
 - . 'Normal attendance' after the move is based on two years; statistically unreliable
 - . Significantly improved team performance impacted normal attendance calculation
 - . Corporations purchased large blocks of tickets to block team's exercise of lease termination clause

NEW STADIUM IMPACT

ANALYSIS OF ATTENDANCE BEFORE AND AFTER OCCUPANCY OF NEW STADIUM

Group	Years In situ Before New	Stadium Seating (000)		Average Attendance Per Game		Percentage Increase <Decrease> of Average Attendance		
		Old/ Temp.	New	Before	3rd Year and Thereafter ("Normal") ¹	"Normal" vs. Before	1st Year After vs. "Normal"	2nd Year After vs. "Normal"
I. Relocating to New Market								
California Angels	4	56	60	10.7	13.5 (11) ²	26 %	41 %	33 %
Houston Astros	3	33	45	10.8	15.5 (12)	44	90	65
Los Angeles Dodgers	4	94	56	27.3	29.3 (15)	7	29	18
S.F. Giants	2	31	58	18.5	14.4 (17)	<22>	70	32
	Category I Total			67.3	72.7	8 %	53 %	34 %
	Category I without Giants			48.8	58.3	20 %	48 %	35 %
II. Stadium Small & Old								
St. Louis Cardinals	35	31	50	14.7	20.2 (11)	37 %	16 %	41 %
Cincinnati Reds	50	30	52	12.6	28.5 (7)	126	3	<31>
Pittsburgh Pirates	60	35	58	11.5	15.2 (7)	32	84	30
Philadelphia Phillies	50	34	66	10.0	27.0 (6)	170	<25>	<31>
Washington Senators	35	31	45	8.2	9.1 (8)	11	10	<19>
	Category II Total			57.0	100.0	75 %	11 %	< 6>%
III. Improved Conditions (location, climate)								
Minnesota Twins	20	45	55	11.9	19.5 (2)	64 %	<38>%	<42>%
IV. All Categories				136.2	192.2	41 %	10 %	6 %

- 1 Normal is defined as average annual attendance beginning in the 3rd year after the move for the period of years shown in parentheses
- 2 Number of years used to calculate average "normal" attendance

"BASEBALL INTEREST"

ATTENDANCE AND POPULATION

(1976-1985)

Average annual attendance divided by the population base (SMSA) provides a relative measure of "Baseball Interest"

- Median for Major League Baseball 48%
- . Giants 32%
- . A's 31%

The eight teams playing in two-team markets ranked lowest among the Major Leagues, yet some have very high average attendance

	<u>Baseball Interest</u>	<u>Attendance (1976-1985)</u>	
		<u>Average (000)</u>	<u>Rank of 26</u>
Dodgers	40%	2,970	1
Giants	32%	1,052	22
A's	31%	997	24
Angels	28%	2,079	4
Yankees	24%	2,157	3
White Sox	21%	1,500	14
Cubs	20%	1,440	16
Mets	15%	1,327	18

TWO-TEAM MARKETS

Teams with high attendance playing in two-team markets draw from population bases that are two to three times larger than the San Francisco-Oakland market. The high "baseball interest" in San Francisco-Oakland cannot overcome the relatively small population base.

<u>Market</u>	<u>Combined 10 Year Average Attendance</u>	<u>SMSA Population</u>	<u>Baseball Interest*</u>
Los Angeles	5.0 million	7.5 million	67%
San Francisco/Oakland	2.0 million	3.3 million	63%
Chicago	2.9 million	7.1 million	41%
New York	3.5 million	9.1 million	38%

* Combined average attendance divided by SMSA population.

IMPACT OF A'S PRESENCE IN SAN FRANCISCO/OAKLAND MARKET

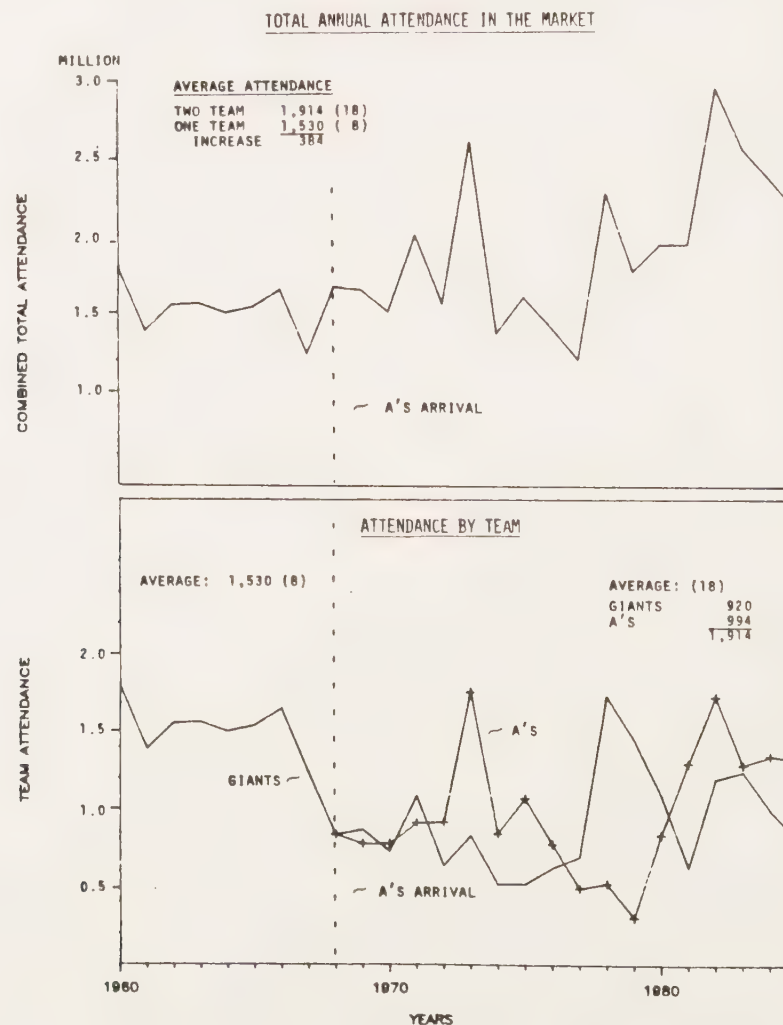
The A's arrival split the market causing a 50% attendance decline, or approximately 775,000 fans. The Giants performance was consistently good -- before and after the A's arrival -- but the A's fielded an exceptional team. Departure of the A's could mean 500,000-700,000 additional fans for the Giants.

	<u>Attendance (000)</u>			<u>Division Finish</u>	
	<u>Giants</u>	<u>A's</u>	<u>Total</u>	<u>Giants</u>	<u>A's</u>
1960	1,795	N/A		5	N/A
1961	1,390	↓		3	↓
1962	1,556			1	
1963	1,568			3	
1964	1,501			4	
1965	1,542			2	
1966	1,651			2	
1967	1,237			2	
Average	1,530		1,530	2.8	
1968	834	837	1,671	2	6
1969	870	778	1,648	2	2
1970	728	778	1,506	3	2
1971	1,088	915	2,003	1	1
1972	637	921	1,558	5	1
1973	834	1,763	2,597	4	1
1974	519	846	1,365	5	1
1975	523	1,076	1,699	3	2
Average	754		1,743	3.1	2.0

Reduction in Giants
Average Attendance 775

IMPACT OF THE A'S PRESENCE IN THE SAN FRANCISCO/OAKLAND MARKET (1960-1985)

Over the long term, average attendance in the two-team market has increased only about 384,000 over that when only the Giants played. The Giants average attendance has decreased from 1,530,000 to 920,000 -- a reduction of 610,000.



THE NUMBER OF YEARS USED IN COMPUTING AVERAGES IS STATED IN PARENTHESES

APPENDICES

BASEBALL AT CANDLESTICK VS. DOWNTOWN

APPENDIX A

PRO FORMA REVENUE AND EXPENSES

(1986 -- \$000)

NOTES

CANDLESTICK SCENARIO:

Revenues

- . **Stadium baseball revenue** includes luxury suite revenue (\$900) and advertising revenue (\$1,200) which may only be partially realized in Candlestick "as is"
- . **Stadium other** revenue includes net parking revenue (\$648) due the City. There is no revenue assumed for non-baseball events
- . **Giants revenue** includes 1986 budgeted revenues for broadcasting contracts, royalties and miscellaneous based on current contracts. Giants revenue could be higher if national TV remains constant and local broadcasting increases based on the assumed increase in normal attendance to 1.4 million. Major League office predicts future national TV contracts as flat to declining

Expenses

- . **City operating/facilities** includes \$970 for operations/maintenance attributed to Giants and \$300 for facilities replacement attributable to Giants, per the 1985-86 pro forma prepared by the Parks and Recreation Department
- . **Giants expenses** are per the 1986 budget with variable expenses for ushers and liability insurance adjusted to a 1.4 million attendance level
- . **Debt service** for City is assumed to be \$909 or 50% of the debt service on the original Candlestick bond. The amount reported for the Giants (\$2,281) is interest only on their working capital loans per their 1986 budget

BASEBALL AT CANDLESTICK VS. DOWNTOWN STADIUM

PRO FORMA REVENUE AND EXPENSES

(1986 -- \$000)

NOTES¹ (continued)

DOWNTOWN SCENARIO:

Revenues

- . **Giants revenue** is the same as the Candlestick Scenario
- . **Stadium - Other Revenue** includes \$435 of non-baseball event revenue. There is no parking revenue Downtown

Expenses

- . **City operating/facilities** includes \$1,980 for operations/maintenance and \$500 for facilities replacement
- . **Giants expenses** are per the 1986 budget with variable expenses for ushers and liability insurance adjusted expenses to a 1.4 million attendance level

1 Detailed pro forma for downtown stadium scenario per Edgar, Dunn & Company Inc. estimate dated July 18, 1986 at 1.4 million attendance.

CONTRIBUTION PER CAPITA

Variable revenue less variable expenses contributes \$6.75 - \$7.05 per paid attendance.

	<u>Downtown</u>	<u>Candlestick</u>
Ticket Revenue ¹	\$6.25	\$6.25
Food and Beverage ²	<u>1.86</u>	<u>1.86</u>
Sub-Total Revenue	8.11	8.11
Variable Expenses ³	1.06	1.06
Rent at 5% of Tickets	<u>--⁴</u>	<u>.31</u>
Contribution per Capita	<u>\$7.05</u>	<u>\$6.74</u>

1 Net of Visiting team (\$.51 PP) and National League (\$.21 PP).

2 Giants receive approximately one-third of gross concession revenue.

3 Giants variable cost for ushers/ticket takers (\$.91 PP) and liability insurance (\$.15 PP).

4 Rent of \$4 million at Downtown is treated as a fixed expense.

HISTORY OF GIANTS TICKET PRICES1976 - 1985

Larger crowds, as in 1986, result in a lower average ticket price since more lower priced, less desirable seats are purchased

<u>Year</u>	<u>Price Range</u>	<u>Average Price Per Capita*</u>	<u>Per Capita Price as a Percentage of Top Ticket Price</u>	<u>Compound Annual Growth Rate</u>
1976	\$2.00 - \$7.10	\$3.45	49%	10 year growth rate: 5.86%
1977	1.00 - 7.10	3.67	52	5 year growth rate: 4.61%
1978	1.00 - 7.10	3.73	53	
1979	1.00 - 7.10	3.80	54	
1980	1.00 - 8.00	4.41	55	
1981	1.00 - 8.00	4.87	61	
1982	2.00 - 8.00	4.65	58	
1983	2.50 - 8.00	5.59	70	
1984	2.50 - 8.00	7.03	88	
1985	2.50 - 8.00	7.00	88	
1986	2.50 - 9.00	6.10 YTD 6/25/86		

* Gross ticket revenue less visiting team and league share divided by paid attendance

Sources: Years of 1976-1980 reported in Laventhol & Horvath's "Market Study and Financial Projections," 1982, prepared for the S.F. Giants

Years 1981-1986 reported by the San Francisco Giants, July 1986

CONCESSION SPENDING AT GIANTS DATES1972 - 1985

Giants receive approximately 32% of the gross per capita concession revenues reported below

<u>Year</u>	<u>Gross Concession Revenue Per Capita*</u>	<u>Compound Annual Growth Rates</u>
1972	\$1.36	10 year growth rate: 12.72%
1973	1.52	5 year growth rate: 11.65%
1974	1.67	
1975	1.76	
1976	1.81	
1977	2.42	
1978	2.55	
1979	2.94	
1980	3.36	
1981	4.02	
1982	4.52	
1983	5.05	
1984	5.31	
1985	5.83	

* Tax of 6-1/2% was deducted from total concession revenue to arrive at gross receipts to concessionaire.

Sources: H.M. Stevens Company, Lavenhol & Horvath study (1982)
1981-1985 San Francisco Giants, July 1986

PARKING REVENUE FROM GIANTS DATES
(1975-1985)

	<u>Total Vehicles*</u>	<u>Paid Attendance</u>	<u>Paid Attendance Per Vehicle</u>	<u>Net Revenue Per Vehicle*</u>
1975	114,012	523,000	4.6	\$1.08
1976	137,710	627,000	4.6	1.08
1977	N/A	N/A	N/A	N/A
1978	161,246	1,740,000	10.8	2.14
1979	272,290	1,456,000	5.3	1.45
1980	258,799	1,096,000	4.2	1.29
1981 strike	N/A	N/A	N/A	N/A
1982	299,292	1,201,000	4.0	1.29
1983	327,832	1,252,000	3.8	1.29
1984	313,721	1,002,000	3.2	1.49
1985	254,663	819,000	3.2	1.48
Average Attendance per Vehicle			4.5	

* Data provided by San Francisco Parks and Recreation Department. Revenue reported is net of taxes and operator's share of gross.

THE POTENTIAL INTERFACE WITH MOSCONE CENTER

There may be some mutual benefit between Moscone Center and a new stadium, but not enough to offset the negative economics of the Stadium.

- The Downtown Stadium at 7th and Townsend could be used as an arena by conventions using Moscone
 - . Scheduling transportation between sites will be complicated
 - . Open design would limit evening and seasonal usage
- Moscone Center's food concession/preparation center could prepare items for special functions at the stadium
 - . Logistics would be difficult and expensive
 - . Quality of food might suffer
- The stadium may be a feature for attracting conventions of sports-related activities where exhibitions and field demonstrations are important
 - . Sporting goods manufacturers
 - . Sports education and coaching clinics

THE INTERFACE WITH MOSCONE CENTER (continued)

- There are potential economics by combining maintenance functions
 - . Tradesmen can be scheduled for duty at both facilities
 - . Purchases of supplies could be consolidated
 - . Certain staff functions could be combined

- The stadium itself would derive some attendance benefit from conventioners whose home team is in town; however, the actual incremental attendance would likely be small due to the full event schedule of most conventions

MAJOR LEAGUE TEAMS
RANKED BY ATTENDANCE

TEAM	AVG	COMP	TOTAL ATTENDANCE BY YEAR									
	ATTEND	GROWTH	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976
AVG TEAM ATTEND) 2.0MM												
Los Angeles Dodgers	2970240	2%	3264593	3134824	3510313	3608881	2381292	3249287	2995087	2386301	2539349	2632474
Philadelphia Phillies	2317680	-3%	1830350	2062693	2128339	2376394	1638752	2651650	2775011	2533389	2700070	2480150
New York Yankees	2156671	1%	2214587	1821815	2257976	2041219	1614533	2627417	2537765	2335871	2103092	2012434
California Angels	2079005	10%	2567427	2402997	2555016	2807360	1441545	2297327	2523575	1755396	1432633	1006774
AVG TEAM ATTEND) 1.6MM												
Kansas City Royals	1983940	3%	2162717	1810018	1963875	2284464	1279403	2288714	2261845	2255493	1852603	1680265
Boston Red Sox	1885028	-1%	1786633	1661618	1782285	1950124	1060379	1965092	2353114	2320643	2074549	1895846
Cincinnati Reds	1878244	-4%	1834619	1275887	1190419	1326528	1093730	2022450	2356933	2532497	2519670	2629708
Montreal Expos	1828182	1%	1502494	1606531	2320651	2318292	1534564	2208175	2102173	1427007	1433753	
Detroit Tigers	1756423	5%	2286609	2704794	1829636	1636058	1149144	1785293	1630929	1714893	1359856	1467020
St. Louis Cardinals	1727206	8%	2637563	2037448	2317914	2111906	1010247	1385147	1627256	1278215	1659287	1207079
Toronto Blue Jays	1626225	4%	2468925	2110008	1930415	1275978	755083	1400327	1431651	1562585	1701052	
AVG TEAM ATTEND) 1.5MM												
Milwaukee Brewers	1572749	3%	1360265	1608509	2397131	1978896	878432	1857408	1918343	1601406	1114938	1012164
Baltimore Orioles	1564247	7%	2132387	2045784	2042071	1613031	1024652	1797438	1681009	1051724	1195769	1058609
AVG TEAM ATTEND (1.5MM												
Chicago White Sox	1499838	6%	1669888	2136988	2132821	1567787	946651	1200365	1280702	1491100	1657135	914945
San Diego Padres	1496160	4%	2210352	1983904	1539815	1607516	519161	1139026	1456967	1670107	1376269	1458478
Chicago Cubs	1440306	8%	2161534	2104219	1479717	1249278	565637	1206776	1648587	1525311	1439834	1022170
Houston Astros	1394636	3%	1184314	1229862	1351962	1558555	1321282	2278217	1900312	1126145	1109560	886146
New York Mets	1327024	7%	2761601	1842695	1112774	1323036	704244	1192073	788905	1007328	1068825	1468754
Texas Rangers	1216446	-0%	1112497	1102471	1363469	1154432	850076	1198175	1519671	1447963	1250722	1164982
Atlanta Braves	1194538	5%	1350137	1724892	2119935	1801985	535418	1048411	769465	904494	872464	818179
Pittsburgh Pirates	1061082	-3%	735900	773500	1225916	1024106	541789	1646757	1453454	946106	1237349	1025945
San Francisco Giants	1052491	3%	818697	1001545	1251530	1200948	632274	1096115	1456402	1740477	700056	626868
Minnesota Twins	1000618	9%	1651814	1598422	859939	921186	469090	769206	1070521	787878	1162727	715394
Oakland Athletics	997458	6%	1334599	1353281	1294941	1735489	1304054	842259	306763	526999	495599	780593
Seattle Mariners	935099	-2%	1128696	870373	813537	1070404	636276	836204	844447	877440	1338511	
Cleveland Indians	855881	-4%	655181	734079	768941	1044021	661395	1033827	1011644	800584	900365	948776
Total Attend All Teams		4%	46824379	44739157	45541338	44587874	26549103	43023136	43702531	39607352	38296037	30913753
Avg Team Attend by Yr	1568526	3%	1800938	1720737	1751590	1714918	1021119	1654736	1680867	1523360	1472925	1344076

Sources: Sporting News 1986 Baseball Guide.

Jackson County Sports Complex Task Force Study.

MAJOR LEAGUE TEAMS

ATTENDANCE AS A PERCENTAGE OF POPULATION

TEAM	(1) SMSA	—10 YEAR—		—1985—	
		AVG (2) ATTEND	% OF SMSA	ATTEND	% OF SMSA
Cincinnati Reds	1401000	1878244	134.1%	1834619	131.0%
Milwaukee Brewers	1397000	1572749	112.6%	1360265	97.4%
San Diego Padres	1862000	1496160	80.4%	2210352	118.7%
Kansas City Royals	2500000 E	1983940	79.4%	2162717	86.5%
St. Louis Cardinals	2356000	1727206	73.3%	2637563	112.0%
Baltimore Orioles	2174000	1564247	72.0%	2132387	98.1%
Boston Red Sox	2763000	1885028	68.2%	1786633	64.7%
Montreal Expos	2828349	1828182	64.6%	1502494	53.1%
Atlanta Braves	2030000	1194538	58.8%	1350137	66.5%
Seattle Mariners	1607000	935099	58.2%	1128696	70.2%
Toronto Blue Jays	3067000	1626225	53.0%	2468925	80.5%
Philadelphia Phillies	4500000 E	2317680	51.5%	1830350	40.7%
Houston Astros	2905000	1394636	48.0%	1184314	40.8%
Minnesota Twins	2114000	1000618	47.3%	1651814	78.1%
Pittsburgh Pirates	2264000	1061082	46.9%	735900	32.5%
Cleveland Indians	1899000	855881	45.1%	655181	34.5%
Texas Rangers	2975000	1216446	40.9%	1112497	37.4%
Detroit Tigers	4353000	1756423	40.3%	2286609	52.5%
Los Angeles Dodgers	7478000	2970240	39.7%	3264593	43.7%
San Francisco Giants	3251000	1052491	32.4%	818697	25.2%
Oakland Athletics	3251000	997458	30.7%	1334599	41.1%
California Angels	7478000	2079005	27.8%	2567427	34.3%
New York Yankees	9120000	2156671	23.6%	2214587	24.3%
Chicago White Sox	7104000	1499838	21.1%	1669888	23.5%
Chicago Cubs	7104000	1440306	20.3%	2161534	30.4%
New York Mets	9120000	1327024	14.6%	2761601	30.3%

(1) Population of standard metropolitan statistical area in 1980.

(2) Simple average of 1976-1985 annual attendance.

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